GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3926
ANSWERED ON:09.08.2002
EDUCATIONAL LOAN FOR HIGHER EDUCATION
MANSINH PATEL

Will the Minister of FINANCE be pleased to state:

(a) whether some nationalized banks have granted loans to the aspirants of high education such as medical and engineering;

(b) if so, the details of such loans provided by banks during the last three years, bank-wise and State-wise;

(c) whether some banks do not provide such loans;

(d) if so, the reasons therefore; and

(e) the remedial steps taken/proposed to be taken by the Government to ensure that all branches of nationalized banks provide loans to them for the said urpose ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANT GANGARAM GEETE)

(a) & (b): Yes, Sir. Government in consultation with Reserve Bank of India (RBI) and Indian Banks` Association has framed a Comprehensive Educational Loan Scheme to ensure that no deserving student in the country is deprived of higher education for want of finances. The new scheme will cover all type of courses including professional courses in schools and colleges in India and abroad. The scheme envisages loans up to Rs. 7.5 lakh for studies in India and up to Rs. 15 lakh for studies abroad. For loans up to Rs. 4 lakh no collateral or margin is required and the interest rate is not to exceed the Prime Lending Rates (PLR). For loans above Rs. 4 lakh, the interest rate will not exceed PLR plus 1 percent. The loans are to be repaid over a period of 5 to 7 years with provision of grace period of one year. The scheme has been circulated by RBI to all Scheduled commercial Banks vide its circular dated 28.04.2001. As per the information furnished by Reserve Bank of India, the details of State-wise and Bank-wise educational loans outstanding in the books of Scheduled Commercial Banks during the last three years i.e. 1997-98, 1998-99 & 1999-2000 (latest available) is indicated in the Annexure.

(c), (d) & (e): RBI has not reported any such incidents of not providing educational loans by banks to engineering & medical students pursuing higher studies. Complaints received if any, from the public/students are referred to concerned banks for immediate redressal.